

Maryland's Small Group Market

Summary of Carrier Experience
for the year ending
December 31, 2007

May 15, 2008

Data from Carrier Surveys

Data collected for CY 2007:

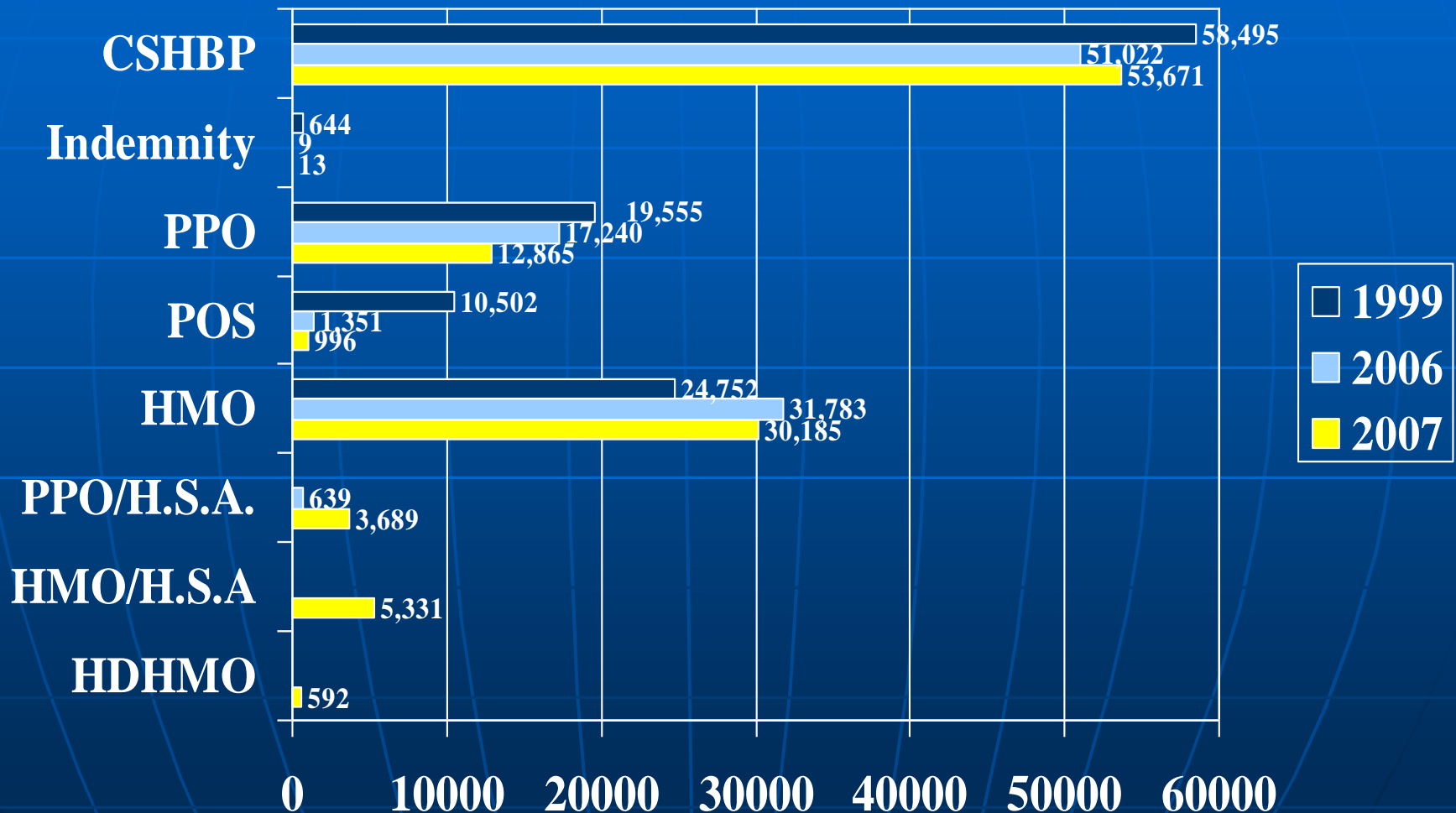
- Number of Lives Covered
 - By Age & Geography for CY 2006 and CY 2007
- Number of Employer Groups
- Number of Policies
- Premiums Earned
- Claims Incurred
- Loss Ratios

Comprehensive Standard Health Benefit Plan: Basic Provisions

- Guaranteed issue and guaranteed renewal
- No pre-existing condition limitations
- Rates adjusted for age and geography only
- Benefits may be **improved** BUT NOT reduced (positive riders)
- Plan has floor and ceiling
 - **Floor** – equivalent of federally qualified HMO
 - **Ceiling** – average premium without riders cannot exceed 10% percent of average annual wage (estimated at \$48,239)

CSHBP Employer Groups By Plan Type

“Peak Year” v. 2006 v. 2007

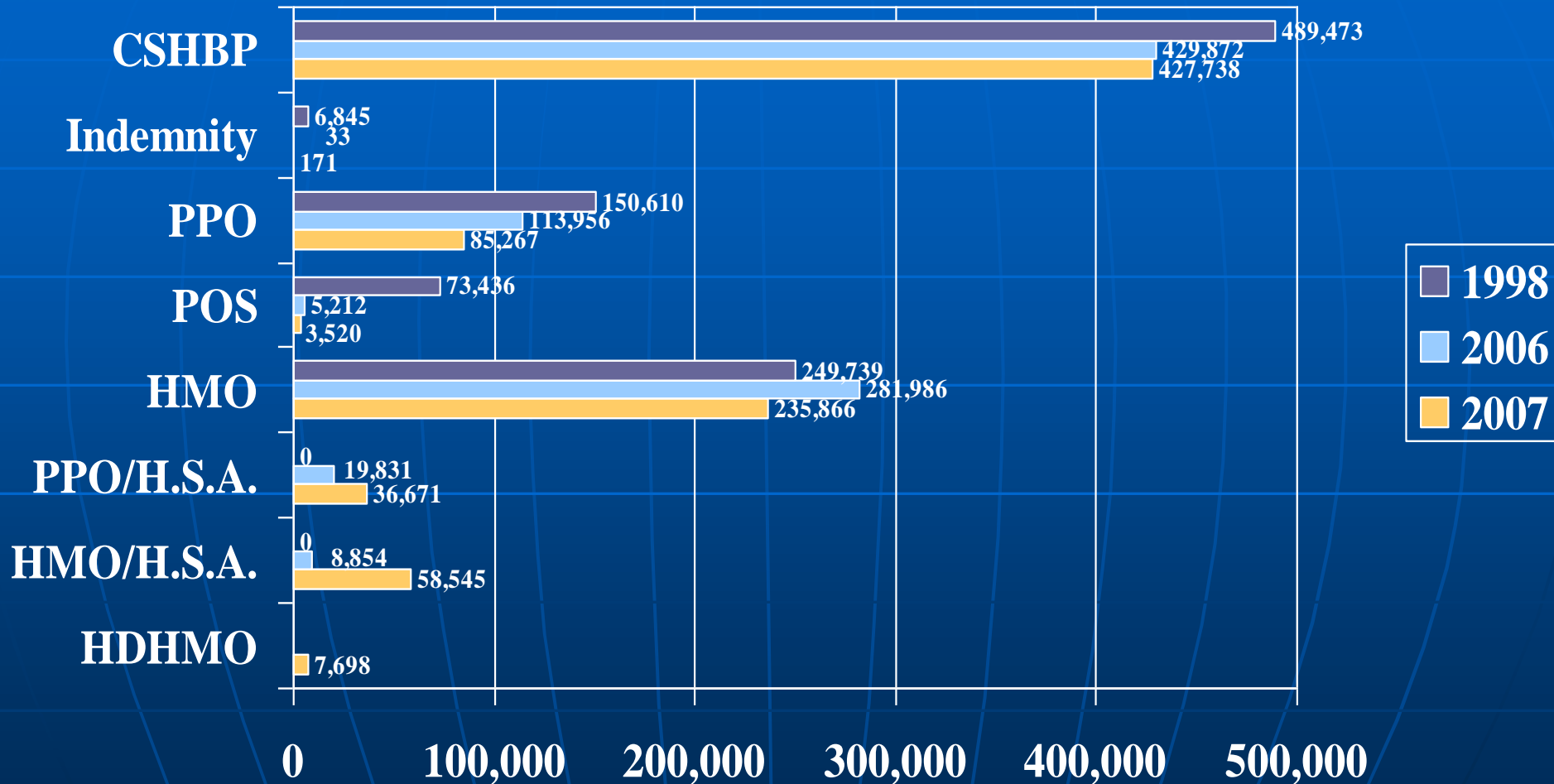


Small Businesses Participating in CSHBP 2006 v. 2007

	DLLR's Estimated Number of Small Businesses	Groups Participating in CSHBP	Percentage Participating in CSHBP
2006	129,094	51,022	39.5%
2007	129,532	53,671	41.4%

CSHBP Covered Lives By Plan Type

“Peak Year” v. 2006 v. 2007



Enrollment by Policy

2006 v. 2007

<i>Policy Type</i>	<i>2006 Lives</i>	<i>2007 Lives</i>	<i># Change</i>	<i>% Change</i>
Employee Only	152,728	152,588	(140)	- 0.09%
Employee Plus One	67,353	66,840	(513)	- 0.76%
Family	209,350	208,310	(1,040)	- 0.50%

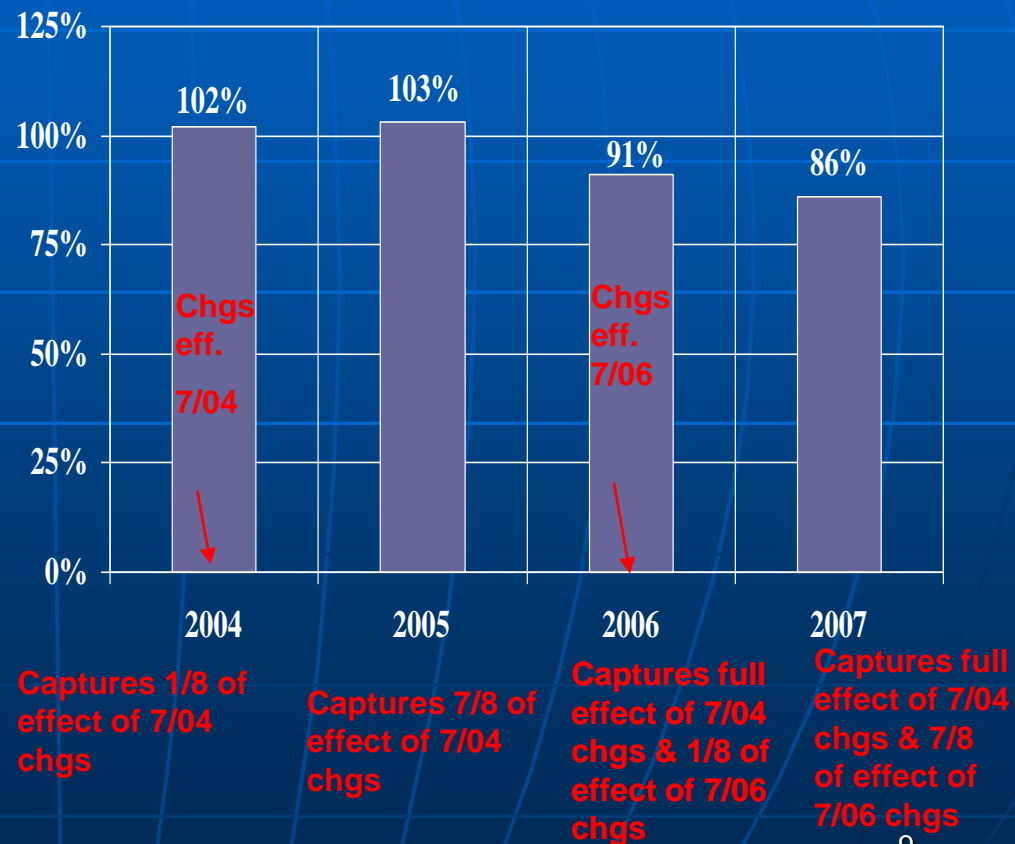
Enrollment by Age & Geography 2006 v. 2007

- Enrollment by Region: 2006 & 2007
 - Baltimore Metro: 45%
 - D.C. Metro: 29%
 - Western MD: 13%
 - Eastern & So. MD: 12%
- Enrollment by Age:
 - Enrollment of employees ages 16 through 25 declined overall about 2% from 2006 to 2007
 - Enrollment of employees ages 51 through 65 increased about 2.5% from 2006 to 2007

Cost of the CSHBP (without riders) in Relation to Cap 2004 – 2007

Average Cost/Employee
Avg. Wage

- Avg. Cost/Employee decreased almost 1% from '06 to '07 (\$4,208 v. \$4,167)
- Avg. Annual Wage increased approx. 4.5% in 2007 (\$46,163 v. \$48,239)



Average Premium: 2006 v. 2007

HMO

		Employee only	% Change	Family	% Change
HMO - Core	2006	\$2,883		\$7,616	
	2007	\$3,133	+ 9%	\$8,384	+ 10%
HMO - w/riders	2006	\$3,889		\$10,275	
	2007	\$4,560	+ 17%	\$12,204	+ 19%

Average Premium: 2006 v. 2007

PPO

		Employee only	% Change	Family	% Change
PPO - Core	2006	\$2,433		\$6,470	
	2007	\$2,748	+ 13%	\$7,477	+ 16%
PPO - w/riders	2006	\$4,999		\$13,296	
	2007	\$6,348	+ 27%	\$17,271	+ 30%

Average Premium: 2006 v. 2007

PPO/H.S.A.

		Employee only	% Chg	Family	% Chg
PPO/H.S.A. - Core	2006	\$1,841		\$4,010	
	2007	\$1,801	- 2%	\$4,855	+ 21%
PPO/H.S.A. - w/riders	2006	\$2,296		\$5,000	
	2007	\$2,422	+5.5%	\$6,529	+ 30%

Average Premium: HMO/H.S.A. (2007)

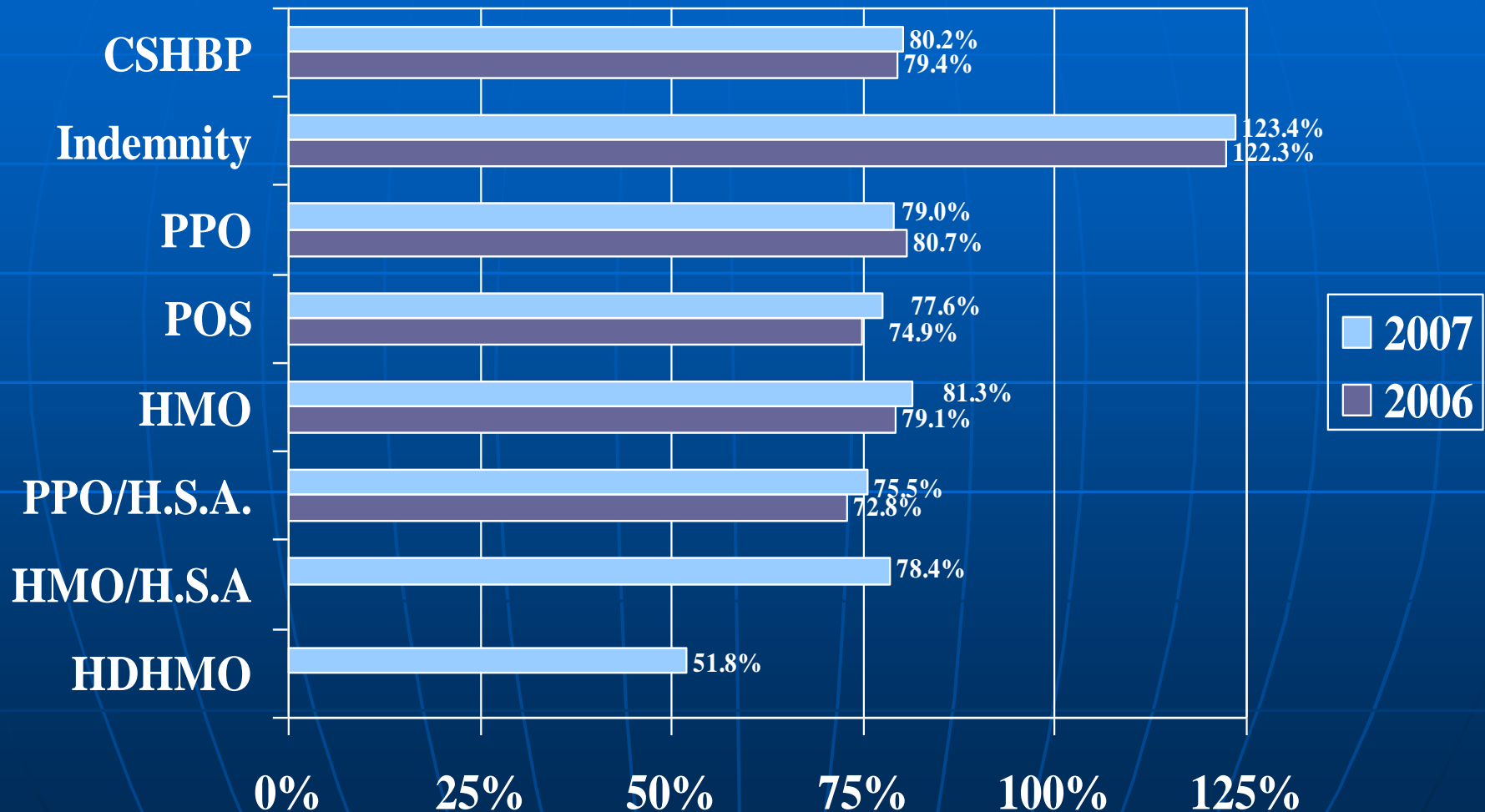
(Comparable 2006 data not available)

- Employee Only – Core: \$1,021
- Employee Only – w/riders: \$1,490
- Family – Core: \$2,689
- Family – w/riders: \$3,924

2007 Average Premium by Plan Type (with riders)

	Employee Only	Family
CSHBP	\$4,293	\$11,466
HMO/H.S.A.	\$1,490	\$3,924
HMO	\$4,560	\$12,204
PPO/H.S.A.	\$2,422	\$6,529
PPO	\$6,348	\$17,271

Loss Ratio By Plan Type, without Riders, 2007 v. 2006



Number of “Combined Carriers” by Plan Type with Covered Lives 2006 - 2007

<i>Delivery System</i>	<i>2006</i>	<i>2007</i>
Indemnity	4	4
PPO	6	6
POS	1	1
HMO	5	5
PPO/H.S.A.	3	4
HMO/H.S.A.	N/A	4
HDHMO	N/A	2
<i>Total # of Carriers*</i>	8	8

*Total number of carriers is less than the sum in each year across all delivery systems because some carriers are in multiple delivery systems.

“Combined Carrier” Percentage of Business 2006 v. 2007

% of Total Business	Number of “Combined Carriers”	
	2006	2007
70% & above	0	1
60% - 70%	1	0
50% - 60%	0	0
40% - 50%	0	0
30% - 40%	0	0
20% - 30%	1	0
10% - 20%	1	2
Less than 10%	5	5
Total	8	8

Market Concentration Top Two “Combined Carriers”

Year	Market Share
2000	70%
2001	80%
2002	88%
2003	92%
2004	94%
2005	92%
2006	86%
2007	86%